

Confidential



# Amerada Hess Corporation

## *Signature* Business Plan

May 1996



## *Signature* Business Plan

- Advertising/Price Communication
- Availability
- Promotion
- Store Implementation
- DORAL Strategy
- Business Objectives- Year 1
- Best Practices



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### Advertising/Price Communication

- Outdoor
  - “Lock Signs”
- Indoor
  - Window sign
  - Coin Mats
  - RJR Forsyth Point of Sale
  - Display Signage



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### Availability

- Distribution
  - Marts - 35 cartons per store
  - Co-Op's - 20 cartons per store
- Display
  - Marts - Floor Type (Combination Pack/Carton)
  - Co-Op's - Pack Display



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### Promotion

- "Introductory Low Price"
  - July/August
- Return to *Everyday Low Price*
  - September
  - Clearly communicated new price tier strategy...."*Point of Difference*"
    - » Full Price (Winston, Salem, etc.)
    - » Mid Price (Doral, Monarch, Basic, GPC)
    - » *Signature*
- Carton "Special" Buy Down
  - 4th Quarter



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### Store Implementation

- Hess Division Managers select proper merchandising vehicles and POS advertising for Marts and Co-Op's based on space, sales potential, etc.
- Introduce entire Program to all Hess Management Levels:
  - Division Managers
  - Marketing Reps
  - Store Managers
- Create awareness of new pricing strategies and price protection of SIGNATURE Brand.
- Create Store Management Awards Program



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### DORAL Strategy

- Establish DORAL as Hess's Mid Price Brand
  - Partners/National Promotions (VAP)
  - "Flighted" Buy Down Promotions
  - Everyday parity with GPC
  
- DORAL Share of Category Volume Incentive
  - 50-74%    \$.35/carton
  - + 75%     \$.50/carton



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### Business Objectives Year 1

- Achieve 12% market share by July 1997
  - Marts: 30 carton per week average
  - Co-Op's: 14 carton per week average
  - Estimated cartons sold end of year 1: 448,656
- Minimize "*cannibalization*" of other price points
  - Full Price: maximum 2%
  - Branded Savings: 5%
- Gain Incremental Business from "other" retail outlets
  - Estimated at 4%





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### Best Business Practices

- *SIGNATURE* introduced as outlined under Store Implementation (page 6).
- Develop impactful point of sale and outdoor advertising.
  - Pack Design (color)
  - Hess "Ownership"
  - Price, Price, Price
- Absolute awareness of mid price to *SIGNATURE* Gap and protection of Brand.
- Quarterly promotions/incentives
- *SIGNATURE* Merchandising/POS/Program added to Supervisory Management Accountability.